

Message Text

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TO AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: APUB, PL

SUBJECT: PRESS RELEASE ON EXIMBANK CREDITS TO POLAND

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT
BANK RELEASE ON THE DIRECT CREDITS TOTALLING DOLS 3,592,510
TO BANK HANDLOWY W WARSZAWIE, S.A. (HANDLOBANK). RELEASE IS
SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS,
TUESDAY, APRIL 8, 1975.

QUOTE: EXIMBANK CREDITS TOTALLING DOLS 3,592,510 SUPPORTS US SALES
OF DOLS 8,327,800 TO TWO POLISH COMPANIES

TO HELP FINANCE US SALES TOTALLING DOLS 8,327,800 TO COMPANIES IN
POLAND, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE
UNITED STATES HAS AUTHORIZED TWO DIRECT CREDITS IN FAVOR OF BANK
HANDLOWY W WARSZAWIE, S.A. (HANDLOBANK) OF WARSAW, POLAND, TOTALLING
DOLS 3,592,510, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY.

ONE EXIMBANK CREDIT OF DOLS 2,352,510 WILL FINANCE 45 PERCENT OF
THE TOTAL US COSTS OF DOLS 5,227,800 FOR A GRINDING WHEEL FACILITY.
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A CREDIT OF DOLS 2,352,510 FROM PRIVATE SOURCES NOT YET DESIGNATED

WILL FINANCE ANOTHER 45 PERCENT OF THE US COSTS AND THE OBLIGOR
WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OR DOLS 522,780.

NORTON COMPANY OF WORCESTER, MASSACHUSETTS, HAS A CONTRACT WITH METALEXPORT OF WARSAW, POLAND, FOR THE DESIGN AND EQUIPPING OF A MANUFACTURING PLANT FOR THE PRODUCTION OF VITRIFIED AND RESINOID BONDED ABRASIVE PRODUCTS, INCLUDING GRINDING WHEELS. NORTON IS PROVIDING TECHNOLOGY AND TECHNICAL ASSISTANCE, INCLUDING PLANS AND LAYOUT OF MACHINERY AND EQUIPMENT, SPECIFICATIONS FOR RAW MATERIALS, MANUALS OF MANUFACTURING PROCEDURES, ENGINEERING SERVICES, AND THE DESIGN AND PROCUREMENT OF MACHINERY AND EQUIPMENT. THE FACILITY WILL BE LOCATED IN KOLO, POLAND, ABOUT 60 MILES WEST OF WARSAW.

THE LOANS ARE TO BE REPAYED IN 14 SEMIANNUAL INSTALLMENTS BEGINNING NO LATER THAN OCTOBER 7, 1978. EXIMBANK'S DIRECT CREDIT OF DOLS 2,352,510 WILL BE REPAYED OUT OF THE LAST 7 INSTALLMENTS WITH INTEREST AT THE RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES OF ABOUT 8.474 PERCENT TO 8.724 PERCENT PER ANNUM.

THE SECOND EXIMBANK CREDIT FOR DOLS 1,240,000 WILL FINANCE 40 PERCENT OF THE TOTAL US COSTS OF DOLS 3.1 MILLION FOR TEXTILE CORD TREATING EQUIPMENT. MANUFACTURERS HANOVER TRUST COMPANY OF NEW YORK WILL FINANCE DOLS 1,550,000 OR 50 PERCENT OF THE US COSTS AND THE OBLIGOR WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OR DOLS 310,000.

UNIROYAL INC. OF MIDDLEBURY, CONNECTICUT, WILL SUPPLY A COMPLETE TEXTILE TIRE CORD MANUFACTURING PLANT FOR POLIMEX-CEKOP OF POLAND. THE PLANT WILL BE CONSTRUCTED NEAR AN EXISTING TIRE CORD MANUFACTURING PLANT AT OLSZTYN, POLAND, AND WILL BE AN INTEGRAL PART OF THE EXISTING PLANT.

THE LOANS ARE TO BE REPAYED IN 12 SEMIANNUAL INSTALLMENTS BEGINNING SEPTEMBER 7, 1978. EXIMBANK'S DIRECT CREDIT OF DOLS 1,240,000 WILL BE REPAYED OUT OF A PORTION OF THE 7TH AND ALL OF THE LAST 5 INSTALLMENTS WITH INTEREST AT THE RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PROTION OF THE CREDIT FROM PRIVATE UNCLASSIFIED

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SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 8.57 PERCENT TO 8.82 PERCENT PER ANNUM.

REPAYMENT OF THE TWO EXIMBANK CREDITS DESCRIBED ABOVE IS TO BE GUARANTEED BY THE GOVERNMENT OF THE POLISH PREOPLE'S REPUBLIC.
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